



Interim Consolidated Statement  
for the three months ended  
30th November, 1970

## TO THE SHAREHOLDERS:

As was anticipated, operations during the first quarter of the current fiscal year have proven most profitable.

It is expected that the normal winter slowdown will effect the second quarter but that the results for the fiscal year will surpass those for last year. The industry has gone through a period of tight money and high interest rates. Your company's policy during such a period is to build only for demand and not for inventory. As a result, our inventory of unsold units is almost nil at a time when the industry in general is carrying heavy inventories.

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### HEADWAY CORPORATION LIMITED and Subsidiaries Interim Consolidated Statement of Operations

for the three months ended  
30th November, 1970

(prepared without audit)

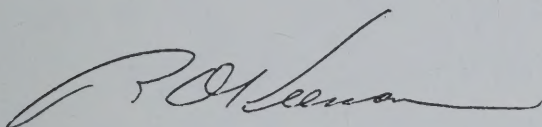
HOUSES AND LAND	
Sales .....	\$4,213,923.00
Costs .....	3,570,043.00
	<u>\$ 643,880.00</u>
RENTALS	
Revenue .....	\$ 138,556.00
Costs .....	117,091.00
	<u>\$ 21,465.00</u>
	<u>\$665,345.00</u>
GENERAL	
AND ADMINISTRATIVE EXPENSES	133,016.00
INCOME before depreciation	
and income taxes .....	\$ 532,329.00
Depreciation .....	14,688.00
INCOME before income taxes .....	
	\$ 517,641.00
Income taxes — current .....	48,932.00
Income taxes — deferred .....	222,653.00
NET INCOME FOR PERIOD .....	
	\$ 246,056.00
EARNINGS PER COMMON SHARE .....	9.6c
CASH FLOW PER COMMON SHARE ...	19.0c
CASH FLOW FROM OPERATIONS .....	
	\$ 486,644.00
COMMON SHARES OUTSTANDING .....	
	2,561,532

Cash flow from operations is the income of the company for the period before depreciation, deferred expenses, deferred income taxes and principal payments on long-term mortgages.

Comparative figures for the three months ended 30th November, 1969 were not available.

Due to the current easing of monetary conditions and the reduction of interest rates, we will be escalating our private housing construction program to take advantage of these rates.

Thunder Bay, Ontario,  
March 10, 1971.



R. D. KEENAN,  
Chairman

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**HEADWAY CORPORATION LIMITED**  
**and Subsidiaries**  
**Interim Consolidated Statement**  
**of Source and Use of Cash**  
**for the three months ended**  
**30th November, 1970**

(prepared without audit)

**SOURCE OF CASH**

Operations	
Net income for period .....	\$ 246,055.00
Add charges not requiring cash outlay	
depreciation and amortization ..	17,935.00
income taxes deferred .....	222,653.00
	\$ 486,643.00
Decrease in accounts receivable ..	633,083.00
Decrease in loans	
and mortgages receivable .....	91,416.00
Decrease in serviced	
and unserviced land .....	244,671.00
Increase in long term liabilities ....	51,718.00
Net change in other assets	
and liabilities .....	43,276.00
Increase in cash and bank	
indebtedness .....	62,103.00
	<u>\$1,612,910.00</u>

**USE OF CASH**

Increase in work in progress,	
including land .....	\$ 944,985.00
Increase in deposits .....	30,079.00
Construction of rental properties ..	16,445.00
Acquisition of fixed assets .....	9,306.00
Reduction of accounts payable ....	351,091.00
Decrease in mortgage advances and	
deposits on work in progress ..	261,004.00
	<u>\$1,612,910.00</u>

**HEADWAY CORPORATION LIMITED**

**HEAD OFFICE: 291 S. COURT STREET  
THUNDER BAY P, ONTARIO**